

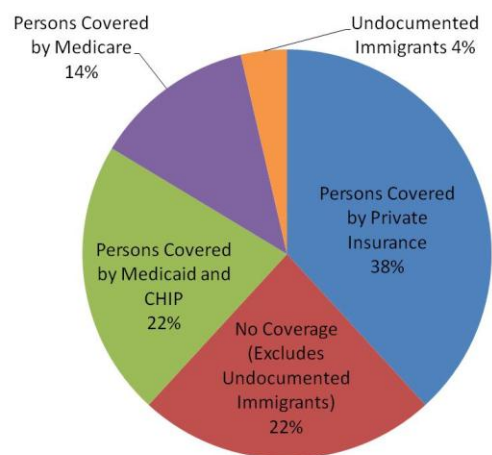
**SENATOR JEFF BINGAMAN
HEALTH REFORM 2009**

THE IMPACT OF HEALTH REFORM IN NEW MEXICO

I am working in the Senate to craft a national health reform proposal that will protect the aspects of our healthcare system that are working well while also addressing the very serious problems that we face.¹ Throughout the nation the cost of medical care is rising and unaffordable for individuals and businesses. This problem is most acute in New Mexico. Without health reform, our state is expected to experience the greatest increase in health insurance premiums in the nation.² For example, the average employer sponsored insurance premium for a family in New Mexico was about \$6,000 in 2000.³ By 2006, this rate had almost doubled to over \$11,000. By 2016 this amount is expected to rise to an astonishing \$28,000. New Mexicans also spend more on health insurance premiums as a percentage of their income than almost all other Americans.⁴

The health reform proposal reported from the Senate Finance Committee intends to slow the rate of growth of health insurance costs across the Nation. The Congressional Budget Office forecasts that the legislation would not only slow the growth in costs in the first ten years but also in the second ten years after enactment. Thus, this legislation is critically important to New Mexico because it will help to curb increases in health care costs for New Mexicans.

New Mexico Health Insurance Coverage



In addition, health reform is critical to New Mexico, which continues to struggle with the second highest rate of uninsurance in the nation. We also have the lowest rate of employer sponsored insurance in the nation and the highest rate of uninsurance among employed individuals.

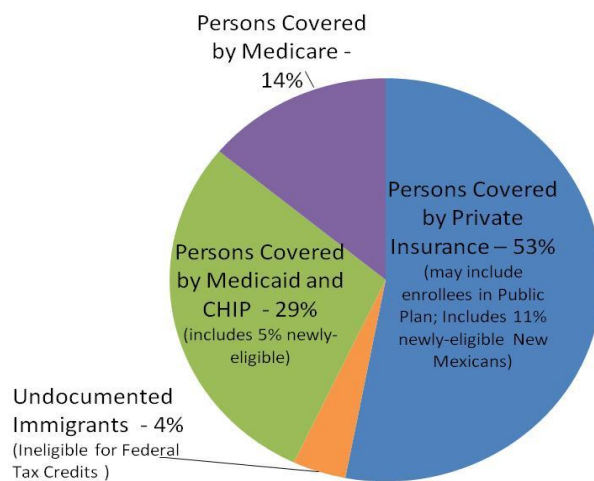
The chart above provides a very general estimate of health insurance coverage in New Mexico (estimates vary depending on the source of data and the year the data were collected). Currently a majority of New Mexicans, 38 percent, are covered by private insurance, 22 percent are covered by Medicaid or the State Children's Health Insurance Program or "CHIP", 22 percent have no coverage⁵, 14 percent are enrolled in Medicare, and 4 percent are undocumented immigrants (who may or may not have health insurance coverage).

The basic structure of coverage expansion within the health reform legislation includes: (1) significant insurance market reforms and the creation of new state or regional "health exchanges" in which residents will be able to purchase private coverage (2) an individual requirement to purchase coverage and some level of employer payment when coverage is not offered to some (or all) employees and (3) the provision of refundable, advanceable tax credits to help middle and lower income Americans afford coverage and the expansion of Medicaid services to the lowest income Americans.

Because the average income levels in New Mexico are lower than in many other states, we will benefit considerably from both the new federal tax credits for private insurance and the Medicaid expansion to individuals at or below 133 percent of poverty. I've worked to ensure that the Medicaid expansion does not represent an unfunded mandate by Congress. In New Mexico, the Senate Finance Committee legislation would require the federal government to cover the maximum amount permitted for states not in economic distress-- 95 percent -- of the cost of the Medicaid and the definition of newly eligible Medicaid recipients will be very broad to encompass as many currently uninsured New Mexicans as possible.

In addition starting in 2014, the proposal will increase the matching rate for children receiving services through the State Children's Health Insurance program or "CHIP". In New Mexico, it is likely that 100 percent of the cost of these children would be covered by the federal government. In addition, it's projected that insurance market reform and federal tax credits may reduce the cost of coverage on the individual/private market for the average family in New Mexico significantly – perhaps by as much as 40 to 60 percent.

Expected New Mexico Health Insurance Coverage if Reform Succeeds



As the chart above indicates, the rate of uninsurance in the state will decrease significantly if New Mexico takes full advantage of reform. Almost 238,000 New Mexicans would be eligible for new private coverage through the exchange or from their employers. About 124,000 New Mexicans would be eligible for new Medicaid coverage. This only would leave approximately 80,000 undocumented immigrants without a guaranteed source of coverage.

¹ This paper describes the general impact of health reform on New Mexico based on the two health reform bills I helped to write in the Senate Finance Committee and HELP Committee. However, the final details of reform legislation are stilling being negotiated in Congress. In particular, I am a strong supporter of a national public option that is provided to all Americans on a "level playing-field" with other sources of coverage; but the future of this policy remains uncertain. *The analysis contained in this document applies to New Mexico whether or not the final health reform proposal includes a public option.*

² Elizabeth Carpenter and Sarah Axeen. The Cost of Doing Nothing, Why the Cost of Failing to Fix Our Health System is Greater than the Cost of Reform. New American Foundation. November 2008.

³ Agency for Healthcare Research and Quality, Center for Financing. Access and Cost Trends. MEPS-Insurance Component, Tables II.D.1, II.D.2, II.D.3.

⁴ Elizabeth Carpenter and Sarah Axeen. The Cost of Doing Nothing, Why the Cost of Failing to Fix Our Health System is Greater than the Cost of Reform. New American Foundation. November 2008.

⁵ Based on 2007 estimates, 2009 projections indicate that as many as 26 percent of New Mexicans may be uninsured.